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THE ECONOMIC DEVELOPMENT OF NORTH KOREA

The area of cultivated land in Korea in 1938 amounted to about 4,500,000 hectares, almost 70 percent of which was in the hands of the landlords.

The principal crop in Korea is rice. The annual harvest of rice amounts to 2,700,000 to 3 million tons. In 1938, 2,900,000 tons were harvested, of which 700,000 to 800,000 tons were grown in North Korea.

Under the Japanese, the export of rice from Korea increased year by year. From 1920 to 1940 the export of rice to Japan increased almost 5 times, while the average native consumption per person was reduced to less than half

As a result of the land reform adopted by the Provisional People's Committee in North Korea in March 1946, about one million hectares of arable land were confiscated, and the land was distributed among those who worked it. Farm laborers received more than 22,000 hectares, and landless tenant farmers about 700,000. More than 500,000 peasant households were freed from bondage to the landlords.

In the very first year after the introduction of the land reform, the gross production of agriculture increased by 9.2 percent. In 1948 it was 40.5 percent above the level of 1946 (from the report of Kim Il-song to the Second Session of the Supreme People's Assembly, February 1949).

In the effort to increase agricultural production, many outstanding peasants attained harvests 4 or 5 times the usual amount. North Korea was transformed into a region of large harvests which satisfied the needs of the country.

The situation is completely different in South Korea, where American Marshall Plan economic "assistance" has tightened the noose around the neck of the Korean peasant. The amount of cultivated land in South Korea was reduced from 3,305,000 hectares in 1943 to 2,461,000 in 1947 - 1948. The population of South Korea is starving. Even such a pro-American newspaper as the Seoul *Sinmun* has asked, "Why have we suffered hunger through several years of military administration when 70 percent of the population is engaged in agriculture?"

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The answer is that American policy in Korea is no less reactionary than was that of the Japanese. The long-awaited land reform in South Korea has not been carried out. Just as before, most of the agricultural production remains in the hands of a small group of landlords and merchant-moneylenders, who, with the help of the American administration, export about a million tons of rice to Japan every year.

In North Korea, which is rich in various mineral and metallic ores, are concentrated the principal Korean industrial enterprises. In 1945 there were more than a thousand industrial plants there, with about 250,000 workers and employees. The nationalization carried out in North Korea transferred the industrial enterprises to the hands of the people. The Democratic People's Republic of Korea has gained the ability to develop its own industry systematically and to eliminate its one-sided character, created by many years of domination by Japanese capitalists.

In preparation for war, the Japanese did begin to develop in Korea a few industries which were important from a military standpoint notably the mining, ferrous and nonferrous metallurgy, power, and chemical industries. Construction of a number of large plants similar in size to the existing metallurgical plant built in 1918 in Kyomip'o, P'yongan Namdo, was begun in the prewar period: the electrometallurgical plant in Songjin, Hamgyong Pukto, the metallurgical plant in Ch'ongjin, Hamgyong Pukto, the electro-metallurgical plant in Hanch'on, the ferrous metals plant in Munnen /Munnae, Hamgyong Pukto, and others.

The following figures show the production capacity of North Korean ferrous metallurgy (in thousand tons):

	<u>Production Capacity of Plants*</u>	<u>Maximum Annual Output**</u>
Pig iron	886	480
Steel	325	140
Rolled iron	417	107
Ferroalloys	11	6
Coke	1,080	725

* A. Grazhdantsev, Korea, 1948.

** From Japanese statistics for 1940 - 1944.

The Japanese mainly developed the extractive and basic processing industries in Korea. There was almost no machine-building industry there. Light industry, except for individual plants belonging to Japanese, consisted mainly of household or semihousehold enterprises and did not meet the needs of the country.

The weak spot in North Korean ferrous metallurgy is the lack of coking coals, which are imported from China, Manchuria, and Sakhalin. There has been considerable development of nonferrous metallurgy in North Korea. The principal plant is the one in Chinnamp'o, which produces about 80 percent of all the crude copper in Korea, 39 percent of the lead, and 100 percent of the zinc. According to Japanese statistics, the capacity of the plant in 1944 for the production of the principal nonferrous metals was as follows (in tons): crude

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copper 7,600, lead concentrate 19,700, electrolytic copper 1,500, electrolytic zinc 5,000, and electrolytic lead 7,200. The Japanese exported the ferrous and nonferrous metals to Japan for their metalworking and machine-tool industry.

The chemical industry is one of the most extensively developed of the other industries of North Korea. The annual capacity of the largest chemical enterprise (the Hungnam combine, comprising seven plants) was as follows (in tons): ammonium sulfate 450,000, sulfuric acid 370,000, calcined soda 6,600, caustic soda 13,200, and calcium carbide 80,000. In addition the combine produced a great number of other basic chemical products and by-products. It had about 29,000 employees in 1944.

According to incomplete data the hydroelectric-power resources of North Korea amount to about 5 million kilowatts. Taking advantage of cheap Korean labor, the Japanese built large hydroelectric plants during their last 15 years in Korea. According to its rated capacity of 700,000 kilowatts, the Sup'ung hydroelectric plant is one of the largest in the country. It was built to provide power for the big defense industry plants and also to the industrial regions of Manchuria and the Liaotung peninsula. Also of large capacity are the Changjon Hang, Pujon Gang, and Hoch'on Gang hydroelectric plants, whose power is used mainly by the Hungnam chemical combine. The total capacity of the hydroelectric plants in North Korea at the time of the Japanese occupation amounted to 1.5 million kilowatts (A. Grazhdentsev, Korea, 1948).

Korea has considerable deposits of raw materials necessary for the development of industry. According to data from the Korean press, there are prospected reserves in excess of one billion tons of iron ore, 4 million tons of wolfram ore, 3 million tons of manganese ore, 2 million tons of zinc ore, 400 million tons of anthracite coal, and 340 million tons of lignite. There are also deposits of lead and nickel and considerable reserves of silver and gold. Working of limestone and graphite deposits is of great importance in North Korea. Deposits of rare metals have also been discovered in North Korea.

In 1944, 3,220,000 tons of iron ore were mined in Korea, of which 3,100,000 were mined in North Korea. The main source of iron ore is the Musan deposit, the reserves of which amount to about one billion tons. Of the other ores, Japanese industrialists were especially interested in wolfram, of which 2,800,000 tons were mined in 1944. Nickel is the most important of the nonferrous metals to Korean industry; 57,400 tons of it were mined in 1944. In terms of ore converted into metal, 19,500 tons of lead, of which 11,200 were mined in North Korea, and 15,000 tons of zinc, of which 11,300 were from North Korea, were mined.

The value of gold production in Korea increased from 9 million won in 1931 to 69 million won (24 million US dollars) in 1937. However, during the war, the equipment of the gold mines was dismantled and transferred for mining other metals.

The coal industry is of tremendous economic importance to the Democratic People's Republic of Korea. In 1944, 7.6 million tons of coal were mined in Korea, of which 6 million were mined in North Korea.

A wealth of natural resources, exploited in the interests of the people, creates favorable prospects for the development of the productive forces of the Korean People's Republic. The industry of North Korea, partially destroyed by the withdrawing Japanese, is being successfully restored. The plan for industrial production in 1948 was exceeded by 5.5 percent.

In the session of the Supreme People's Assembly held in February of this year, the Law on the Plan for the Restoration and Development of the National Economy of North Korea (for 1949 - 1950) was adopted. The basic tasks of the

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plan are the restoration of the plants destroyed by the Japanese, the complete utilization of productive capacity, and an increase in agricultural production.

Until 1945 Korean foreign trade was in the hands of Japan, from which came almost 94 percent of Korean imports and to which went 80 to 90 percent of her exports. Most of the rest of the foreign trade was with Manchuria and Formosa, and only 2 to 3 percent with countries of Europe and America. Following is the volume of Korean foreign trade according to Japanese statistics (in million yen):

	<u>Imports</u>	<u>Exports</u>	<u>Balance</u>
1941	1,519	973	-546
1942	1,491	944	-547
1943	1,543	914	-629
1944	1,105	1,155	+ 50

Besides importing industrial and railroad equipment for the construction of Japanese enterprises in Korea, Japan flooded the Korean market with products of her industry (cotton cloth, cheap watches, etc.).

The chief exports of Korea were agricultural products, ferrous and non-ferrous metals, iron ore, and textile raw materials.

Korean Exports (in million yen)

	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>
Total exports	973	944	914	1,155
Agricultural products (rice, beans)	200	234	--	216
Ferrous metals	78	80	102	120
Nonferrous metals	77	68	77	115
Ores	37	38	31	40
Textile raw materials (raw silk, hemp)	82	41	29	36

The situation in South Korea did not change with the expulsion of the Japanese. Foreign trade there has been monopolized by American business men. The Americans export up to a million tons of rice a year, to Japan leaving the Koreans on a starvation ration as before, and they export to Korea as "aid" products and goods which find no market elsewhere.

The situation is different in North Korea. Chief among the exports of North Korea are lead, zinc, graphite, ammonium sulfate, acetylene black, ferrous metals, soda products, and other goods. The principal imports are coking coal, petroleum products, machine tools, railroad equipment, cotton cloth, etc.

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The Korean constitution adopted by the People's Assembly in September 1948, provides that foreign trade shall be carried on by the state. Foreign trade transactions by private individuals and associations are permitted only under the control of the state.

Ever since the liberation of Korea from the Japanese imperialists by the Soviet Army, foreign trade between North Korea and the Soviet Union has increased year by year. This has had beneficial effects both on the development of North Korean industry and in raising the living standards of the Korean people. The March 1949 agreement for economic and cultural cooperation, providing for further development and strengthening of economic and cultural relations between the Soviet Union and the Democratic People's Republic of Korea, and the agreements for exchange of goods, payments, and credit, which provide for a significant increase in exchange of goods, have created favorable conditions for the fulfillment of the Two-Year Plan and for raising the cultural and material living conditions of the Korean people.

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